

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF HAWAII

In the Matter of

DOCKET NO. 2008-0274

PUBLIC UTILITIES COMMISSION

Instituting a Proceeding to Investigate  
Implementing a Decoupling Mechanism for  
Hawaiian Electric Company, Inc., Hawaii  
Electric Light Company, Inc., and Maui  
Electric Company, Limited

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COMMISSION

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**BLUE PLANET FOUNDATION'S JOINDER AND SUPPLEMENTAL  
OPENING STATEMENT OF POSITION**

**AND**

**CERTIFICATE OF SERVICE**

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**BLUE PLANET FOUNDATION'S JOINDER AND SUPPLEMENTAL  
OPENING STATEMENT OF POSITION**

Blue Planet Foundation ("Blue Planet"), by and through its attorneys Schlack Ito Lockwood Piper & Elkind, hereby joins the "Haiku Design and Analysis Opening Statement of Position" dated March 28, 2009 ("HDA SOP") and, in addition, submits supplemental responses to the Statement of Issues set forth in the Commission's Procedural Order filed January 21, 2008.<sup>1</sup> The Procedural Order includes a Statement of the Issues which lists eleven numbered issues. *Id.* at 3-4. Blue Planet joins the HDA SOP in its entirety insofar as it responds to these listed issues in the Statement of Issues. In addition, Blue Planet provides the following supplemental statements of position regarding issues nos. 2 and 4 of the Statement of Issues.

**I. SUPPLEMENTAL STATEMENT OF POSITION**

**A. Statement of Issues Nos. 2 and 4**

2. *Whether the decoupling mechanism(s) will result in accelerating the addition of new, clean energy resources in the HECO Companies' systems, while giving the HECO Companies an opportunity to achieve fair rates of return?*

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<sup>1</sup> Order Approving, With Modifications, Stipulated Procedural Order Filed on December 26, 2008 filed Jan. 21, 2008.

\* \* \*

4. *How will decoupling impact the utilities, their customers, and the clean energy market?*

**B. The Commission Should Adopt the Decoupling Mechanism Most Likely to Achieve the Rapid Adoption of Renewable Energy and Increased Energy Efficiency.**

Blue Planet is a public interest organization dedicated to promoting renewable energy in Hawaii, supporting Hawaii's swift transition to a clean energy economy, and confronting the issue of climate change. Consistent with its mission, Blue Planet strongly favors the adoption of a decoupling mechanism capable of fulfilling the Energy Agreement's bold objectives concerning the rapid adoption of renewable energy and increased energy efficiency.<sup>2</sup>

1. The Rapid Adoption of Renewable Energy is a Decoupling Objective.

A key objective of the Energy Agreement, including decoupling from sales, is the rapid adoption of the maximum feasible amount of renewable energy in Hawaii ("Rapid Adoption Objective"). Section 28 of the Energy Agreement, "Decoupling from Sales," states that "remov[ing] the barriers for the utilities to pursue . . . customer-owned or third-party-owned renewable energy systems" is one of the purposes of adopting a decoupling mechanism. Energy Agreement at 32.

Hawaii law promotes and requires policy objectives consistent with the Rapid Adoption Objective. The Constitution of the State of Hawaii, Article XI, "Conservation and Development of Resources," promotes the development of renewable energy:

For the benefit of present and future generations, the State and its political subdivisions shall conserve and protect Hawaii's natural beauty and all natural resources, including land, water, air, minerals and energy sources, and shall promote the development

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<sup>2</sup> *Energy Agreement Among the State of Hawaii, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and the Hawaiian Electric Companies* dated Oct. 20, 2008 ("Energy Agreement").



and utilization of these resources in a manner consistent with their conservation and in furtherance of the self-sufficiency of the State.

*Id.* (emphasis added). A significant number of Hawaii's energy-related statutes similarly require and promote the rapid adoption of the maximum feasible amount of renewable energy.<sup>3</sup>

Consistent with Hawaii law, the HCEI MOU<sup>4</sup> and Energy Agreement establish, support, and require policies consistent with achieving the Rapid Adoption Objective.

- The MOU estimates that "Hawaii can potentially meet between 60 and 70 percent of its future energy needs from clean, renewable energy sources." *Id.* at 1 (emphasis added).
- The Energy Agreement parties commit to the goal of "70 percent clean, renewable energy for electricity and transportation by 2030[.]" *Id.* at 18 (emphasis added).
- The Energy Agreement affirms that "[t]he future of Hawaii requires that we move more decisively and irreversibly away from imported fossil fuel for electricity and transportation and towards indigenously produced renewable energy and an ethic of energy efficiency. *Id.* (emphasis added).
- The Energy Agreement parties agree to "implement feed-in tariffs as a method for accelerating the acquisition of renewable energy[.]" *Id.* at 17 (emphasis added).
- The parties commit to "accelerate the adoption of" distributed generation and distributed energy storage. *Id.* at 27 (emphasis added).
- The parties commit to integrate "the maximum attainable amount of wind energy on their systems." *Id.* at 3 (emphasis added).

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<sup>3</sup> See, e.g., Haw. Rev. Stat. § 46-19 (counties may participate in the development of alternative energy resources); Haw. Rev. Stat. § 46-19.4 (agencies shall provide priority handling and processing of county permits required for renewable energy projects); Haw. Rev. Stat. § 196-1 (finding an immediate need to formulate plans for the development and use of alternative energy sources); Haw. Rev. Stat. § 196-1.5 (agencies shall provide priority handling and processing of state permits required for renewable energy projects); Haw. Rev. Stat. § 196-41 (State of Hawaii Department of Land and Natural Resources and Department of Business, Economic Development and Tourism shall facilitate the private sector's development of renewable energy projects); Haw. Rev. Stat. § 201-12 (DBEDT shall develop a state program for the efficient development of new or alternative sources of energy); Haw. Rev. Stat. 201-12.5 (establishing within DBEDT the position of renewable energy coordinator to facilitate renewable energy development); Haw. Rev. Stat. ch. 201N (establishing a renewable energy facility siting process); Haw. Rev. Stat. § 226-18 (it shall be State policy to "promote the use of renewable energy sources"); Haw. Rev. Stat. § 269-27.2 (promoting utilization of electricity generated from no fossil fuels); and Haw. Rev. Stat. ch. 269 Parts V and VI (establishing renewable portfolio standards and net energy metering).

<sup>4</sup> *Memorandum of Understanding Between the State of Hawaii and the U.S. Department of Energy* dated Jan. 28, 2008 ("HCEI MOU").

- The parties agree that the HECO Companies<sup>5</sup> “are responsible for expeditiously integrating customer-sited PV and CSP energy into the utility system[.]” *Id.* at 12 (emphasis added).
- The parties affirm that “[t]he very future of our land, our economy and our quality of life is at risk if we do not make this move and we do so for the future of Hawaii and of the generations to come.” *Id.* (emphasis added).

Thus, in accordance with Hawaii law and the Energy Agreement, the Commission should adopt the decoupling mechanism most likely to assist in the achievement of the Rapid Adoption Objective.

## 2. Increased Energy Efficiency Is a Decoupling Objective.

The HECO Companies’ January 30, 2009 Revenue Decoupling Proposal states that “[t]he purpose of the Sales Decoupling mechanism is to remove the linkage between utility sales and revenues, in order to encourage energy efficiency.” *Id.* Section 28 of the Energy Agreement, “Decoupling from Sales,” states that “remov[ing] the barriers for the utilities to pursue aggressive demand-response and load management programs” is one of the purposes of adopting a decoupling mechanism. Energy Agreement at 32. This is consistent with the Energy Agreement, which affirms that “[t]he future of Hawaii requires that we move decisively and irreversibly away from imported fossil fuel for electricity and transportation and towards indigenously produced renewable energy and an ethic of energy efficiency.” *Id.* at 1 (emphasis added). Steps are to be taken to “reduce the demand for electricity and increase the efficiency” of energy used. *Id.* Section 12 of the Energy Agreement, “Energy Efficiency,” likewise states that it is the goal of the parties to “ensure that Hawaii achieves the maximum possible levels of energy efficiency as it represents the most effective use of resources possible, including conservation by not using resources at all.” *Id.* at 21. The HECO Companies and other parties

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<sup>5</sup> Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc.



to the Energy Agreement agree to a list of ten items in this section, including specific policies and programs, concerning increased energy efficiency. *Id.* at 21-22.

3. Blue Planet Favors the Decoupling Mechanism Most Likely to Achieve the Rapid Adoption and Energy Efficiency Objectives.

It is likely undisputed that the Rapid Adoption Objective and Energy Efficiency Objective are important objectives of any decoupling mechanism adopted in this proceeding. Indeed, in this proceeding the HECO Companies<sup>6</sup> have described their commitments under the Energy Agreement to include:

1) making financial investments in their transmission, distribution, and electricity dispatch system to accommodate increased amounts of renewable resources, 2) accepting large quantities of customer-sited renewable DG, 3) converting the existing grids to “smart grids,” and 4) increasing energy efficiency.

See HECO Companies’ Responses to the NRRI Scoping Paper Appendix 2 Questions dated Feb. 20, 2009 at Question 1, p. 5. Blue Planet favors adoption of the decoupling mechanism most likely to achieve the Rapid Adoption and Energy Efficiency Objectives because these policy objectives are consistent with its mission and its core programs and activities.

For similar reasons, Blue Planet favors adoption of the decoupling mechanism that is most easily understood by ratepayers. Blue Planet views public awareness and participation as critical to the achievement of its mission and the broader economic and environmental benefits of Hawaii’s swift transition to a clean energy economy. Blue Planet therefore promotes energy efficiency and conservation through a variety of public outreach and education initiatives. These efforts are best served by the decoupling mechanism that is most easily understood by ratepayers.

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<sup>6</sup> Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc.

**C. The Commission Should Adopt a Decoupling Mechanism that Requires Demonstrated Progress In the Achievement of the Energy Agreement Objectives.**

The HECO Companies have advanced the rationale that the decoupling under consideration in this proceeding is necessary and appropriate at this time due to the nature of the “massive and substantial” commitments the companies have undertaken pursuant to the Energy Agreement. *See, e.g.*, HECO Companies’ Responses to the NRRI Scoping Paper Appendix 2 Questions dated Feb. 20, 2009 at Question 7, p. 1. At a minimum, this suggests the benefits conferred by decoupling to the HECO Companies are linked to the HECO Companies’ performance of their obligations under the Energy Agreement. Blue Planet suggests decoupling benefits to the utilities and their performance under the Energy Agreement constitute a *quid pro quo* relevant to the Commission’s determination in this proceeding.

Blue Planet therefore favors adoption of a decoupling mechanism that includes formal measures designed to demonstrate, in quantifiable terms to the extent reasonably possible, the extent of the HECO Companies’ progress or lack thereof in achieving the Energy Agreement goals, in particular the Rapid Adoption and Energy Efficiency Objectives. If deemed necessary and appropriate, Blue Planet would likely support measures that link financial benefits to the HECO Companies from any Rate Adjustment Mechanism (“RAM”) adopted in this proceeding to the performance of their obligations under the Energy Agreement.

Blue Planet favors a more formal *quid pro quo* arrangement for several reasons. Although the HECO Companies have formally committed to achieving their obligations under the Energy Agreement by signing the Energy Agreement and undertaking various efforts, more formal performance requirements tied to the decoupling and RAM mechanisms may assist the utilities in fulfilling their obligations by further describing and quantifying these commitments. Clarifying and linking these commitments to RAM benefits may enhance public awareness and

support for decoupling. Finally, to the extent the HECO Companies produce publicly-available documents and information demonstrating compliance with the Energy Agreement objectives, Blue Planet would welcome the opportunity to employ such information in ongoing efforts to educate and build public support for renewable energy and energy efficiency in Hawaii.

DATED: Honolulu, Hawaii, March 30, 2009.

  
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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this date a copy of the foregoing document was  
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